

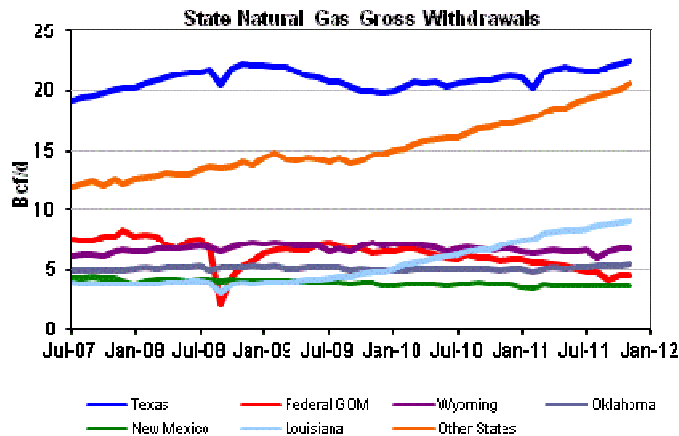
January 30, 2012

## Natural Gas Trends

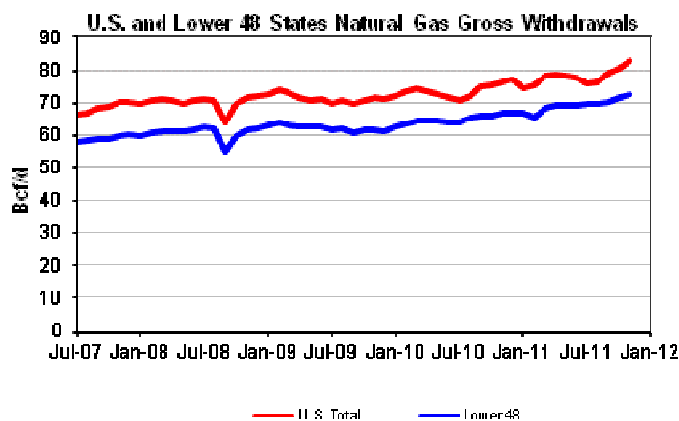
### Highlights

#### NATURAL GAS PRODUCTION: 2007-2012

On January 30, 2012, the Energy Information Administration (EIA) released a set of natural gas production trends, derived from natural gas gross withdrawal data collected by the agency. The graph, below, shows Texas' status as the largest natural gas producer in the U.S., with production increasing since January, 2010. Louisiana and 'Other States' have also realized a marked increase in production since 2007.



According to the EIA, these gains in production can partially be explained by new wells and continuous drilling in the Marcellus, Eagle Ford, and Haynesville shale plays.



### Data

- February Natural Gas Futures Contract (as of Jan 27), NYMEX at Henry Hub closed at \$2.678 per million British thermal units (MMBtu)
- March Light, Sweet Crude Oil Futures Contract (as of Jan 27), NYMEX at Cushing closed at \$99.56 per U.S. oil barrel (Bbl.) or approximately \$15.85 per MMBtu

#### Last week: Texas, U.S. HDD lower than normal

For the week beginning 1/22/12 and ending 1/28/12, heating degree days (HDD) were lower than normal for Texas and the U.S. For the heating season (7/1/11 to 6/30/12), cumulative heating degree days were 17% below normal for Texas and 14% below normal for the U.S.

Source: [www.cpc.ncep.noaa.gov](http://www.cpc.ncep.noaa.gov)

HEATING DEGREE DAYS (HDD)				
City or Region	Total HDD for week ending 1/28/2012	*Week HDD + / - from normal	Year-to-date total HDD	* YTD % +/- from normal
Amarillo	156	-49	2295	-12%
Austin	73	-32	1031	-4%
DFW	90	-54	1263	-17%
El Paso	101	-36	1541	-8%
Houston	38	-56	695	-29%
SAT	42	-57	773	-25%
Texas**	63	-54	1063	-17%
U.S.**	150	-56	2206	-14%

\* A minus (-) value is warmer than normal; a plus (+) value is cooler than normal. NOAA uses 65° Fahrenheit as the 'normal' basis from which HDD are calculated.

\*\* State and U.S. degree days are population-weighted by NOAA.

#### Last week: U.S. natural gas storage at 3,098 Bcf

For the week ending 1/20/12, U.S. working gas in storage decreased from 3,290 to 3,098 Bcf, compared to 2,567 Bcf in storage a year ago and compared to an average of 2,551 Bcf in storage during the 5-year period from 2007 to 2011. Working gas in storage in the producing region (which includes Texas) declined from 1,164 to 1,121 Bcf.

Source: [www.eia.doe.gov](http://www.eia.doe.gov)

U.S. WORKING GAS IN STORAGE				
Region	Week ending 1/20/12	Prior week	One-week change	Current Δ from 5-YR Average (%)
East	1,571	1,693	-122	+ 14.8%
West	406	433	-27	+ 17.7%
Producing	1,121	1,164	-43	+ 33.9%
Lower 48 Total	3,098	3,290	-192	+ 21.4%

Lower 48 states, underground storage, units in billion cubic feet (Bcf)

**Last week: U.S. gas rig count down 3 to 777**

The gas rig count for the U.S. was down 3 when compared to the prior week and down 136 when compared to 12 months ago. The U.S. total rig count was unchanged from the prior week, and up 276 when compared to 12 months ago.

Source: Baker Hughes

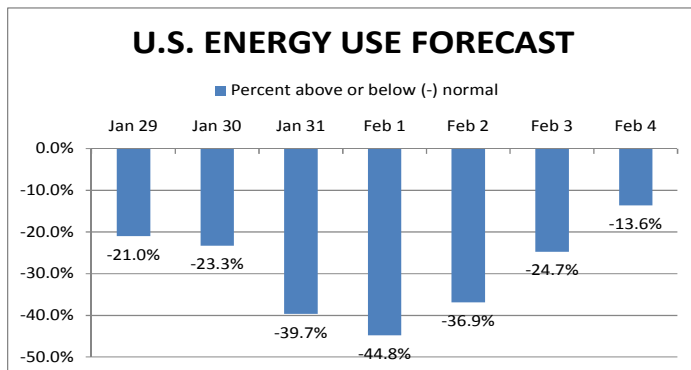
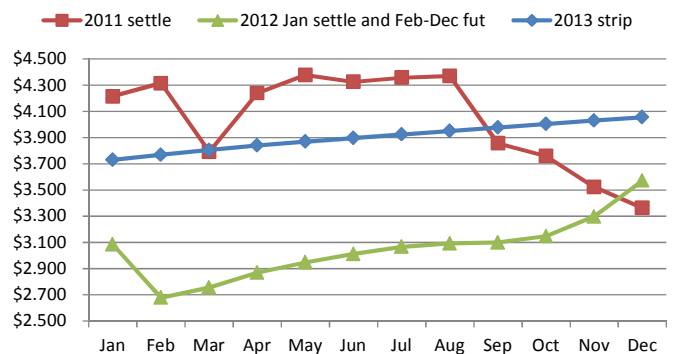
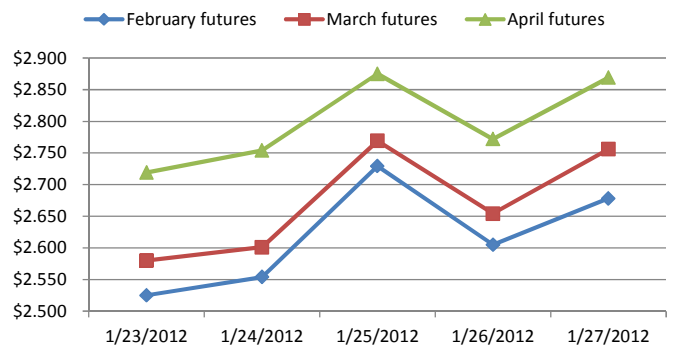
BAKER HUGHES ROTARY RIG COUNT				
	As of 1/27/12	+/- prior week	Year ago	+/- year ago
Texas	917	-6	740	+ 177
U.S. gas	777	-3	913	- 136
U.S. oil	1225	+ 2	809	+ 416
U.S. total	2008	0	1732	+ 276
Canada	682	+ 28	637	+ 45

Numbers are excerpted and not meant to be totaled

**This week: U.S. energy use lower than normal**

U.S. energy use is forecasted to be lower than normal, according to the Dominion Energy Index, as shown below. Dominion forecasts total U.S. residential energy usage, a component of which is natural gas.

Source: Dominion Energy Index

**NYMEX HENRY HUB FUTURES PRICES****LAST WEEK: NYMEX NATURAL GAS PRICE MOVEMENT****NATURAL GAS PRICE SUMMARY AS OF 1/20/2012**

	This Week	+/- Last Week	+/- Last Year	12-Month Strip Avg.
US February fu- tures				
NYMEX	\$2.678	\$0.335	-\$1.638	\$3.102

*Lynne LeMon,  
a natural gas analyst  
in the Market Oversight Section  
of the Gas Services Division,  
is editor of  
Natural Gas Trends.*

*Comments on this publication  
may be directed to Ms. LeMon  
at 512-475-1958 or  
lynne.lemon@rrc.state.tx.us*